

**Energy Policy Act of 2005, Section 1234**  
**Economic Dispatch Study**  
**Questions for Stakeholders**

***Florida Public Service Commission (FPSC) Response***

1) What are the procedures now used in your region for economic dispatch? Who is performing the dispatch (a utility, an ISO or RTO, or other) and over how large an area (geographic scope, MW load, MW generation resources, number of retail customers within the dispatch area)?

*Individual utilities perform unit commitment and economic dispatch, taking into account availability and cost of purchased power and transmission constraints.*

*The Florida Reliability Coordinating Council (FRCC) region encompasses peninsular Florida. As of spring 2005, the FERC has registered eleven (11) "Balancing Authorities" with the North American Electric Reliability Council (NERC) in accordance with NERC's deployment of the new NERC Reliability Standards documents. These "Balancing Authorities" were traditionally known as "Control Areas" and range in size from approximately 43 megawatts to 19,000 megawatts of generating capability.*

*The panhandle area of Florida is served primarily by Gulf Power Company, which is a member of the Southeastern Electric Reliability Council (SERC). SERC is divided into four sub-regions and the Florida panhandle is part of the Southern sub-region, which also includes Georgia, Alabama and a portion of Mississippi. Gulf Power owns three generating plants and a co-generation facility in Northwest Florida and also has a percentage interest in two facilities located out-of-state. The combined generating capacity for all these facilities is 2,711 megawatts. In addition, Alabama Electric Cooperative provides generation service to four rural electric cooperatives in the panhandle.*

2) Is the Act's definition of economic dispatch (see above) appropriate? Over what geographic scale or area should economic dispatch be practiced? Besides cost and reliability, are there any other factors or considerations that should be considered in economic dispatch, and why?

*Definition appears to be consistent with current utility practices and procedures in Florida.*

3) How do economic dispatch procedures differ for different classes of generation, including utility-owned versus non-utility generation? Do actual operational practices differ from the formal procedures required under tariff or federal or state rules, or from the economic dispatch definition above? If there is a difference, please indicate what the difference is, how often this occurs, and its impacts upon non-utility generation and upon retail electricity users. If you have specific analyses or studies that document your position, please provide them.

*Unit commitment is performed by the generation owner. Once operating, economic dispatch is virtually the same for utility and non-utility generators. Market inefficiencies related to methods of dispatching generation and associated transmission usage are currently being examined in a study by the consulting firm ICF, as part of the ongoing FPSC Review of the GridFlorida RTO proposal (Docket No. 020233).*

4) What changes in economic dispatch procedures would lead to more non-utility generator dispatch? If you think that changes are needed to current economic dispatch procedures in your area to better enable economic dispatch participation by nonutility generators, please explain the changes you recommend.

*As stated above, market inefficiencies associated with methods of dispatching are currently being studied in an ongoing FPSC Review of the GridFlorida RTO proposal (Docket No. 020233).*

5) If economic dispatch causes greater dispatch and use of non-utility generation, what effects might this have – on the grid, on the mix of energy and capacity available to retail customers, to energy prices and costs, to environmental emissions, or other impacts? How would this affect retail customers in particular states or nationwide? If you have specific analyses to support your position, please provide them to us.

*The FPSC has not issued any recent rulings or taken specific actions with regard to the effects of economic dispatch. As stated above, market inefficiencies associated with methods of dispatching are currently being studied in an ongoing FPSC Review of the GridFlorida RTO proposal (Docket No. 020233).*

6) Could there be any implications for grid reliability – positive or negative – from greater use of economic dispatch? If so, how should economic dispatch be modified or enhanced to protect reliability?

*As stated above, market inefficiencies associated with methods of dispatching are currently being studied in an ongoing FPSC Review of the GridFlorida RTO proposal (Docket No. 020233).*